

OPAL ENERGY CORP.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

FOR THE THREE MONTHS ENDED MARCH 31, 2015

(Unaudited)

**NOTICE OF NO AUDITOR REVIEW
OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

These interim consolidated financial statements for the three months ended March 31, 2015, have been compiled by management. These financial statements, along with the accompanying notes, have been reviewed and approved by the members of the Company's audit committee.

In accordance with Canadian Securities Administrators National Instrument 51-102, the Company discloses that these unaudited financial statements have not been reviewed by the Company's auditors.

OPAL ENERGY CORP.**CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

(Unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current		
Cash	\$ 798,392	\$ 1,572
Receivables	4,765	7,721
Prepaid expenses	-	5,500
	803,157	14,793
Exploration and evaluation assets (Note 8)	588,016	150,821
	\$ 1,391,173	\$ 165,614

Current

Accounts payable and accrued liabilities (Note 7)	\$ 119,588	\$ 222,101
Notes payable (Note 6)	132,160	106,601
	251,748	328,702

Shareholders' deficiency

Capital stock (Note 9)

Common shares	78,870,650	77,440,274
Class A shares	37,927	37,927
Reserves	3,964,967	3,964,967
	82,873,544	81,443,168
Deficit	(81,734,119)	(81,606,256)
	1,139,425	(163,088)
	\$ 1,391,173	\$ 165,614

Nature and continuance of operations (Note 1)**Contingencies (Note 12)****Subsequent events (Note 13)****On behalf of the Board:***“Wayne Tisdale” Director and CEO**“David R. Hughes” Director and CFO*

The accompanying notes are an integral part of these consolidated financial statements.

OPAL ENERGY CORP.**CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
FOR THE THREE MONTHS ENDED MARCH 31****(Expressed in Canadian Dollars)****(Unaudited)**

	Three Months Ended Mar 31,	Three Months Ended Mar 31,
	2015	2014
EXPENSES		
Advertising	291	-
Consulting (Note 7)	77,024	3,000
Office and sundry	4,337	317
Professional fees (Note 7)	10,984	-
Project investigation costs	668	-
Rent	16,500	-
Shareholder information	214	-
Transfer agent and regulatory fees	10,414	3,535
Travel	5,311	3,659
Other Income	(890)	(1,456)
Interest expense	3,059	8,113
Foreign exchange loss	(49)	-
	<u>(127,863)</u>	<u>(17,168)</u>
Loss and Comprehensive loss for the period	\$ (127,863)	\$ (17,168)
Basic and diluted loss per common share	\$ (0.00)	\$ (0.00)
Weighted average number of common shares outstanding	47,667,035	8,691,019

The accompanying notes are an integral part of these consolidated financial statements.

OPAL ENERGY CORP.**CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS****FOR THE THREE MONTHS ENDED MARCH 31****(Expressed in Canadian Dollar)****(Unaudited)**

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (127,863)	\$ (17,168)
Items not affecting cash:		
Accrued interest expense	3,059	8,112
Changes in non-cash working capital items:		
Decrease in receivables	2,957	37
Decrease in prepaid expense	5,500	1,250
Increase (decrease) in accounts payable and accrued liabilities	(102,512)	(20,044)
Net cash used in operating activities	(218,859)	(27,813)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	(437,196)	-
Net cash used in operating activities	(437,196)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	22,500	25,000
Shares issued for cash	1,205,000	-
Shares issued for acquisition of exploration assets	300,000	-
Share issue cost	(74,625)	-
Net cash provided from investing activities	1,452,875	25,000
Increase (decrease) in cash during the period	796,820	(2,813)
Cash, beginning of the period	1,572	3,121
Cash, end of the period	\$ 798,392	\$ 308

Supplemental disclosures with respect to cash flows (Note 10)

The accompanying notes are an integral part of these consolidated financial statements.

OPAL ENERGY CORP.

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

(Expressed in Canadian Dollars)

(Unaudited)

	Number of Common shares	Number of Class A shares Series I	Capital Stock		Reserves	Deficit	Total
			Class A shares Series I	Common shares			
Balance as at December 31, 2013	8,691,019	33,713	\$ 37,927	\$ 76,699,311	\$ 3,964,967	\$ (81,260,548)	\$ (558,343)
Loss for the period	-	-	-	-	-	(17,168)	(17,168)
Balance as at March 31, 2014	8,691,019	33,713	37,927	76,699,311	3,964,967	(81,277,716)	(575,511)
Balance at December 31, 2014	8,691,019	33,713	\$ 37,927	\$ 77,440,274	\$ 3,964,967	\$ (81,606,256)	\$ (163,088)
Loss for the period						(127,863)	(127,863)
Shares issued for private placement	12,050,000	-	-	1,205,000	-	-	1,205,000
Shares issued for acquisition	2,000,000	-	-	300,000	-	-	300,000
Share issue costs	-	-	-	(74,625)	-	-	(74,625)
Balance at March 31, 2015	22,741,019	33,713	37,927	78,870,649	3,964,967	(81,734,119)	1,139,424

The accompanying notes form an integral part of these consolidated financial statements

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Opal Energy Corp. (the "Company") is a publicly listed company incorporated in Canada with limited liability under the legislation of the Province of British Columbia and its shares are listed on the TSX Venture Exchange, having the symbol OPA. On September 23, 2014, the Company entered into a property option agreement with 877384 Alberta Ltd. and Declan Resources Inc. and is considered to be an exploration and evaluation stage company.

The head office, principal address, registered address and records office of the Company are located at 302 – 1620 West 8th Avenue, Vancouver, British Columbia, Canada, V6J 1V4. The Company's registered address is 302 – 1620 West 8th Avenue, Vancouver, British Columbia, Canada, V6J 1V4.

Management is actively targeting sources of additional financing which would assure continuation of the Company's operations. In order for the Company to meet its liabilities as they come due and to continue its operations, the Company is solely dependent upon its ability to generate such financing. Subsequent to December 31, 2014, the Company raised sufficient capital to enable the Company to continue operations for the upcoming year.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

	March 31, 2015	December 31, 2014
Working capital	\$ 551,409	\$ (313,909)
Deficit	(81,734,119)	(81,606,256)

2. BASIS OF PREPARATION

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared using accounting policies consistent with International Accounting Standards ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements do not include all information and disclosures required for annual financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2014.

The financial statements were authorized for issue by the Board of Directors on May 31, 2015.

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

2. BASIS OF PREPARATION (cont'd...)

b) Basis of Measurement

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The financial statements are presented in Canadian dollars ("CDN"), which is also the Company's functional currency, and all values are rounded to the nearest dollar, unless otherwise indicated.

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Critical Judgments

The preparation of our consolidated financial statements requires management to make judgments regarding the going concern of the Company as previously discussed in the Note 1, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates, and has been determined for each entity within the Company. The functional currency for the Company and its subsidiary has been determined to be the Canadian dollar.

Key Sources of Estimation Uncertainty

Significant estimates made by management affecting our consolidated financial statements include:

Carrying value and recoverability of exploration and evaluation assets

The carrying amount of Company's exploration and evaluation assets does not necessarily represent present or future values, and the Company's exploration and evaluation assets have been accounted for under the assumption that the carrying amount will be recoverable. Recoverability is dependent on various factors, including the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to commence and complete development and upon future profitable production or proceeds from the disposition of the mineral properties themselves. Additionally, there are numerous geological, economic, environmental and regulatory factors and uncertainties that could impact management's assessment as to the overall viability of its properties or to the ability to generate future cash flows necessary to cover or exceed the carrying value of the Company's exploration and evaluation assets.

Deferred Tax Assets & Liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred income tax provisions or recoveries could be affected.

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Basis of consolidation

These consolidated interim financial statements include the financial statements of the Company and the entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated upon consolidation.

The financial statements include the financial statements of Opal Energy Corp. and its subsidiaries listed in the following table:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Principal Activity
Opal Energy Inc.	Texas USA	100%	Holding Company

Exploration and Evaluation Assets and Expenditures

Pre-exploration costs are expensed as incurred.

All expenditures related to the cost of exploration and evaluation of mineral resources including acquisition costs for interests in mineral claims are capitalized as exploration and evaluation assets and are classified as intangible assets. General exploration costs not related to specific mineral properties are expensed as incurred. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and upon commencement of commercial production, are amortized using the units of production method over estimated recoverable reserves. Impairment is assessed at the level of cash-generating units.

The Company has not yet determined whether or not any of its exploration and evaluation assets contain economically recoverable reserves. Amounts capitalized to exploration and evaluation assets do not necessarily reflect present or future values.

Exploration and evaluation assets are regularly reviewed for impairment or whenever events or changes in circumstances indicate that the carrying amount may exceed its recoverable amount. When an impairment review is undertaken, the recoverable amount is assessed by reference to the higher of a value in use (being the present value of expected future cash flows of the relevant cash generating unit) and fair value less costs to sell. If the carrying amount of an asset exceeds the recoverable amount an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New Standards, Amendments and Interpretations to existing standards not yet effective

The following standards, amendments to standards and interpretations have been issued but are not effective:
IFRS 9, Financial instruments

This standard was issued in November 2009 and covers the classification and measurement of financial assets as part of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS9. Under this guidance, entities have the option to recognize financial liabilities at fair value through earnings. If the option is elected, entities would be required to reserve the portion of the fair value change due to own credit risk out of earnings and recognize the change in other comprehensive income. IFRS 9 is applicable for periods beginning on or after January 1, 2018.

4. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to maintain its ability to continue as a going concern. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes components of shareholders' deficiency.

The Company currently has no source of revenue and a working capital deficit; as such the Company is dependent on external financing to fund activities. In order to pay for administrative and operating costs, the Company will spend its existing working capital and raise additional funds as needed. There were no changes to management's approach to capital management during the three months ended March 31, 2015.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not exposed to any external capital requirements.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair value of the Company's receivables, accounts payable and accrued liabilities and notes payable, approximate carrying value, which is the amount recorded on the consolidated statement of financial position. The Company's other financial instrument, cash, under the fair value hierarchy is recorded at fair value based on level one quoted prices in active markets for identical assets or liabilities.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's cash are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company's credit risk is primarily attributable to receivables.

The balance of the Company's receivables consists of input tax credits receivable from the Government of Canada. The Company does not believe it is exposed to significant credit risk.

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (cont'd...)

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2015, the Company had a cash balance of \$ 798,392 (December 31, 2014 - \$1,572) to settle current liabilities of \$251,748 (December 31, 2014 - \$328,702). All of the Company's financial liabilities have contractual maturities of 12 months or less.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Company's current policy is to invest excess cash in investment-grade demand deposit certificates, including guaranteed investment certificates, issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of December 31, 2014, the Company did not have any investments in investment-grade short-term deposit certificates. The Company is not subject to interest rate risk on its notes payable as the interest rate is fixed.

(b) Foreign currency risk

The Company had minimal balances and transactions denominated in U.S. dollars as at December 31, 2014 and for the year then ended. The Company is not subject to significant foreign currency risk.

(c) Price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of oil and natural gas, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

6. NOTES PAYABLE

During the year ended December 31, 2014 the Company issued 6,000,000 common shares valued at \$36,000 to settle debt of \$300,000. The remaining \$67,258 was repaid in cash. As a result the Company recorded a loss on settlement of debt of \$60,000.

During the year ended December 31, 2014, the Company secured 6 one year loans for total of \$104,500 at an interest rate of 10% per annum compounded annually.

During the three months ended March 31, 2015, the Company secured 3 one year loans for total of \$22,500 at an interest rate of 10% per annum compounded annually. The loans are as follows:

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

6. NOTES PAYABLE (cont'd...)

	As at Mar 31, 2015		As at Dec 31, 2014	
\$10,000 note payable - bearing interest of 10% maturing on July 11, 2015	\$	10,000	\$	10,000
\$10,000 note payable - bearing interest of 10% maturing on September 4, 2015	\$	10,000	\$	10,000
\$31,000 note payable - bearing interest of 10% maturing on October 30, 2015	\$	31,000	\$	31,000
\$41,000 note payable - bearing interest of 10% maturing on November 15, 2015	\$	41,000	\$	41,000
\$5,000 note payable - bearing interest of 10% maturing on November 6, 2015	\$	5,000	\$	5,000
\$7,500 note payable - bearing interest of 10% maturing on November 7, 2015	\$	7,500	\$	7,500
\$5,000 note payable - bearing interest of 10% maturing on January 13, 2016	\$	5,000	\$	-
\$10,000 note payable - bearing interest of 10% maturing on January 15, 2016	\$	10,000	\$	-
\$7,500 note payable - bearing interest of 10% maturing on January 30, 2016	\$	7,500	\$	-
	\$	127,000	\$	104,500
Total Interest Accrued	\$	5,160	\$	2,101
Total	\$	132,160	\$	106,601

7. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying consolidated financial statements are summarized below and include transactions with the following individuals and entities:

Key Management Personnel

Key management personnel are persons responsible for planning, direction and controlling the activities of an entity, and include executive and non-executive directors.

- a) Paid or accrued consulting fees of \$3,000 (2014- \$3,000) to a company controlled by an officer and director of the Company.
- b) Paid or accrued consulting fees of \$7,500 (2014- nil) to a company controlled by an officer of the Company.

Other Related Parties

The Company entered into the following transactions with other related parties:

- a) Paid or accrued legal fees of \$10,984 (2014 - \$331) to a law corporation controlled by a director of the Company. This amount is included in professional fees in the statement of loss and comprehensive loss (\$10,984).

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

Included in accounts payable and accrued liabilities as at March 31, 2015 is \$2,675 (2014 - \$53,532) due to directors, officers and companies controlled by directors and officers. These amounts are non-interest bearing, unsecured and are due on demand.

8. EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation asset interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its exploration and evaluation asset interests and, to the best of its knowledge, title to all of its interests are in good standing. The exploration and evaluation asset interests in which the Company has committed to earn an interest are located in Canada.

Acquisition costs

Schedule of exploration and evaluation assets for the three months ended March 31, 2015 is as follows:

	Firebag River
	Property
Acquisition costs, at December 31, 2014	\$ 70,000
Shares	300,000
Cash	136,527
Acquisition costs at March 31, 2015	\$ 506,527

Exploration and evaluation expenditures

Schedule of exploration and evaluation expenditures for the year ended March 31, 2015 is follows:

	Firebag River
	Property
Exploration and evaluation expenditures at December 31, 2014	\$ 80,821.00
Assays	10,992
Field work	23,232
Geological	47,265
Exploration and evaluation expenditures at March 31, 2015	\$ 81,489
Total December 31, 2014	\$ 150,821
Total March 31, 2015	\$ 588,016

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

8. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Firebag River Property, Alberta

The Company did not have exploration and evaluation assets as at December 31, 2013. On September 23, 2014, the Company entered into a property option agreement with 877384 Alberta Ltd. And Declan Resources Inc. to acquire a 70% interest in the Firebag River Property located in Alberta, Canada. To acquire the property, the Company must make cash payments, incur expenditures and issue shares as follows:

	Acquisition in Cash	Acquisition in Shares	Exploration Work Commitments
On approval of agreement by the TSXV (Mar 2, 2015)	\$ 50,000 (1)	2,000,000 (3)	\$ -
Within 90 days of the TSXV approval (May 31, 2015)	156,527 (2)	-	-
First anniversary of TSXV approval	100,000	1,000,000	-
Second anniversary of TSXV approval	100,000	1,000,000	-
November 22, 2014	-	-	150,000 (4)
June 22, 2015	-	-	100,000
November 22, 2015	-	-	100,000
November 22, 2016	-	-	500,000
Total	\$ 406,527	4,000,000	\$ 850,000

(1) \$50,000 paid during the year ended December 31, 2014.

(2) \$20,000 paid during the year ended December 31, 2014.

(3) 2,000,000 shares issued during the three months ended March 31, 2015 (Note 9)

(4) Incurred \$80,821 during the year ended December 31, 2014 and \$81,489 during the three months ended March 31, 2015

9. CAPITAL STOCK AND RESERVES

Common shares

The authorized share capital of the Company is an unlimited number of common shares without par value and 5,057 Class A Shares, Series I. The Class A shares, Series I, are non-voting and are convertible into common shares at any time on the basis of 6.67 common shares for each Class A Series I share held.

During the three months ended March 31, 2015, the Company:

- 1) Issued 12,050,000 units at a price of \$0.10 per unit for total proceeds of \$1,205,000. Each unit consisted of one common share and one share purchase warrant; each warrant entitles the holder to purchase one common share at a price of \$0.15 until February 27, 2020. The Company recorded \$74,625 of share issuance costs associated with this financing. The warrants attached to the units had a residual value of \$nil.

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

- 2) Issued 2,000,000 common shares at a price of \$0.15 per share at value of \$300,000 to Declan Resources Inc. pursuant to the property option agreement. (Note 8)

During the year ended December 31, 2014, the Company:

- 1) Settled \$300,000 of notes payable by issuing 6,000,000 common shares valued at \$360,000 (the "Debt Settlement") The Company incurred a loss of \$60,000 on the debt settlement.
- 2) Issued 6,599,998 units at a price of \$0.06 per unit for total proceeds of \$396,000. Each unit consisted of one common share and one share purchase warrant; each warrant entitles the holder to purchase one common share at a price of \$0.12 until September 16, 2015. The Company recorded \$15,037 of share issuance costs associated with this financing. The warrants attached to the units had a residual value of \$nil.

At March 31, 2015, 5,000 (December 31, 2014 – 5,000) common shares of the Company are held in escrow for untraceable investors. These will be released on January 1, 2016.

Warrants

The following is a summary of share purchase warrants outstanding on March 31, 2015 and December 31, 2014 and changes during the periods then ended:

	Number of Warrants	Exercise Price
Balance at December 31, 2014	6,599,998	0.12
Issued	<u>12,050,000</u>	<u>0.15</u>
Outstanding and exercisable, March 31, 2015	<u>18,649,998</u>	<u>\$ 0.14</u>

As of March 31, 2015, the following warrants were outstanding:

Expiry Date	Exercise price	Number of Warrants at March 31, 2015
September 16, 2015	\$ 0.12	6,599,998
February 27, 2020	0.15	<u>12,050,000</u>
		<u>18,649,998</u>

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

9. CAPITAL STOCK AND RESERVES (cont'd...)

Stock options

Under the Company's stock option plan, the Company may grant options for up to 10% of the issued and outstanding common shares to directors, employees and consultants at a minimum exercise price to be determined by the closing market value on the day prior to the date of grant. Under the plan, options vest as follows: One-quarter vest upon the grant date and a further one-quarter after each of the following three six-month periods. The Company may elect from time to time to waive or reduce the vesting periods based on reasonable determination by the Board of Directors. The options can be granted for a maximum term of 5 years.

The Company had no stock options outstanding at March 31, 2015 and December 31, 2014.

Subsequent to March 31, 2015, the Company granted stock options to acquire up to 850,000 common shares of the Company. Each of the stock options is exercisable for a five year term expiring on April 29, 2020 and exercisable until that time at a price of \$0.10 per common share. (Note 13)

10. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

During the year ended December 31, 2014, the Company issued 6,000,000 shares at a value of \$360,000 in settlement of \$300,000 in debt.

During the three months ended March 31, 2015, the Company issued 2,000,000 shares at a value of \$300,000 to Declan Resources Inc. pursuant to the property option agreement.

11. SEGMENTED INFORMATION

The Company operates in one industry segment being the acquisition and exploration of mineral exploration and evaluation assets. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets and are located in Canada

12. CONTINGENCIES

On March 9, 2015, the Company was contacted by the Ontario Ministry of Northern Development and Mines and notified that it has rehabilitation obligations with respect to the Tashota Nipigon mine in northern Ontario. This mine property was acquired by one of the Corporation's predecessor companies in 1939. The Corporation has retained consultants to assess the potential cost of the rehabilitation, and its liability if any. As at March 31, 2015 the Company was unaware of any ownership in this property and therefore unable to anticipate any financial obligation.

OPAL ENERGY CORP.
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2015
(Expressed in Canadian Dollars)
(Unaudited)

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2015, the Company granted stock options to acquire up to 850,000 common shares of the Company of which an aggregate of 600,000 were granted to certain directors and officers of the Company.. Each of the stock options is exercisable for a five year term expiring on April 29, 2020 and exercisable until that time at a price of \$0.10 per common share. The options vest immediately upon the date of grant. The stock options, and any common shares issued upon exercise of the stock options, are subject to a four month resale restriction expiring August 30, 2015.